

MT LEGISLATIVE HISTORY

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Chapter 707 1989

Bill H (S) 283

Original bill & hist. C

H. Committee on Taxation

S. Committee on Taxation

Hearing Date(s) Mar 15 ✓ C

Hearing Date(s) Feb 02 ✓ C

Mar 30 ✓ C

 C

 C

 C

 C

 C

Date Out Mar 30 ✓ C

Feb 02 ✓ C

Did this bill originate in an interim committee? Yes No

Committee

Report

Note: A Free Conference Committee was appointed to address SB 283, but its minutes were not printed.

MINUTES

MONTANA SENATE
51st LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By Senator Bob Brown, Chairman, on February 2, 1989, at 8:00 a.m.

ROLL CALL

Members Present: Senator Brown, Senator Hager, Senator Norman, Senator Eck, Senator Bishop, Senator Halligan, Senator Walker, Senator Harp, Senator Severson, Senator Mazurek, Senator Crippen

Members Excused: Senator Gage

Members Absent: None

Staff Present: Jill Rohyans, Committee Secretary
Jeff Martin, Legislative Council

Announcements/Discussion: None

HEARING ON SENATE BILL 283

Presentation and Opening Statement by Sponsor:

Senator Crippen, District 45, sponsor, said the bill would continue the availability of tax credits for qualified Montana capital companies until June 30, 1993, which is a two year extension.

List of Testifying Proponents and What Group they Represent:

Marty Connell, representing himself, Billings
Dan Walker, U. S. West Communications
Buck Boles, Montana Chamber of Commerce

List of Testifying Opponents and What Group They Represent:

Ken Nordtvedt, Director, Department of Revenue

Testimony:

Marty Connell, Billings, said he has been involved in venture capital a great deal. He urged the committee

to grant the two year extension in order for the companies to work out the details and develop new sources of venture capital.

Dan Walker, U. S. West Communications, said he has been involved in establishing a venture capital company in Montana for the last year and a half. He expects to be capitalized very soon in the amount of \$10 million. Any effort to promote capital formation or venture capital formation in Montana is very good for the state and should be rigorously supported.

Buck Boles, Montana Chamber of Commerce, said he has been involved with this legislation for the last two sessions and he strongly supported extending the opportunity for tax credits.

OPPONENTS:

Ken Nordtvedt, Director, Department of Revenue, says he considers the bill a continuing unjustified raid on the Montana treasury. He said there is nothing wrong with promoting venture capital but it is wrong to do it with an up front 100% subsidy. The state gets no return on the investment at all. The capital corporations are sitting on their capital, investing in treasury notes, getting safe 8% or 9% returns, and issuing dividends on their earnings. Down the road, if they liquidate and haven't made one penny, they can keep the 50% state subsidy. He suspects some companies are being formed simply as tax loophole tax shelters.

Director Nordtvedt suggested the way to promote venture capital in the state is to reduce the taxes on successful profits from people who take risks with their private funds from venture capital investments. Reducing the taxes on capital gains is just one of the many other ways of rewarding people who invest in venture capital. He said as he reads the bill, it extends for two years the use of unused tax credits and creates \$3 million in new credits. He felt the unused credits should be used but did not approve of granting any new credits.

Questions From Committee Members: None

Closing by Sponsor: Senator Crippen closed.

bill was moved to this committee. He also felt there needed to be some clean up in the language re the county discretionary ability as it is not consistent throughout the bill.

Senator Crippen felt that the bill had been adequately reviewed in the legislative process and although anything can certainly be tightened up even more, the bill is in decent enough shape to pass and be implemented without any further problem.

Senator Brown felt the bill should be held for a day for Senator Gage to look at it.

Senator Crippen WITHDREW HIS MOTION.

DISPOSITION OF HOUSE BILL 283

Discussion:

Senator Crippen felt the Department of Revenue has a different philosophy about capital companies than does the legislature. He felt their position flies in the face of what the legislature has been trying to accomplish in the past and currently is doing in this bill. He felt this bill is intended to encourage and stimulate investment.

Amendments and Votes: None

Recommendation and Vote:

Senator Crippen moved SB 283 DO PASS. The motion CARRIED unanimously with Senators Harp and Gage absent.

DISPOSITION OF SENATE BILL 220

Discussion:

Jeff Martin reviewed the amendments as per Exhibit #4. He noted the 2 1/2 % discount had been inadvertently omitted and would have to be added to the amendments.

Senator Severson felt if the rate goes below 5% it no longer becomes an incentive.

51st LEGISLATIVE SESSION -- 1989Date 2/2/89

NAME	PRESENT	ABSENT	EXCUSED
SENATOR BROWN	X		
SENATOR BISHOP	X		
SENATOR CRIPPEN	X		
SENATOR ECK	X		
SENATOR GAGE			X
SENATOR HAGER	X		
SENATOR HALLIGAN	X		
SENATOR HARP			X
SENATOR MAZUREK	X		
SENATOR NORMAN	X		
SENATOR SEVERSON	X		
SENATOR WALKER	X		

Each day attach to minutes.

SENATE STANDING COMMITTEE REPORT

February 2, 1989

MR. PRESIDENT:

We, your committee on Taxation, having had under consideration SB 283 (first reading copy -- white), respectfully report that SB 283 do pass.

DO PASS

Signed: _____

B. C. 3
Bob Brown, Chairman

*1/2/89
3:20 p.m.*

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 51st LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By Chairman Harrington, on March 15, 1989, at
8:00 a.m.

ROLL CALL

Members Present: All

Members Excused: None

Members Absent: None

Staff Present: Dave Bohyer, Legislative Council

Announcements/Discussion: None

HEARING ON SENATE BILL 283

Presentation and Opening Statement by Sponsor:

Senator Bruce Crippen, District 45, stated SB 283 continues tax credits for Montana capital companies until June 30, 1993. He said this act simply continues the previous act originated in 1983 which ends in June of 1991.

Testifying Proponents and Who They Represent:

Ken Nortveltdt, Director, Department of Revenue
Cal Cumin, Economic Development Director, Yellowstone County
Bob Pansich, Assistant Investment Officer, Board of
Investments
Buck Bowles, President, Montana Chamber of Commerce

Proponent Testimony:

Ken Nortveltdt submitted a proposed amendment to the committee. (Exhibit 1). He stated, if these amendments are adopted by the committee, the Administration can support the bill. Dr. Nortveltdt said capital corporate tax credits are state expenditures. He stated if an investor invests his own money into a capital corporation, the state donates another \$1.00 for each of his investment dollars which is really a state subsidy. Dr. Nortveltdt said the Administration feels this is not the way to encourage economic development. He stated many companies have done nothing with the money and the Administration wants to review this policy. He said it is a significant drain on the state treasury and tax loopholes for a small group of investors. Dr. Nortveltdt stated the \$3,000,000.00 of new

credits should be suspended for the next biennium and cut the credits available for the 1989-91 period from \$3,000,000.00 to \$1,500,000.00 and the Administration will do a detailed analysis of the program to determine if it is accomplishing what was intended.

Cal Cumin stated one of the biggest problems in Montana is the lack of capital for small and medium sized businesses. He said the Capital Companies Act creates capital for investments that is available to companies in Montana. Mr. Cumin stated there is a need for incentives for businesses to develop and create jobs. He said many businesses are just beginning to take advantage of this act and it needs to be extended. He urged passage of the bill.

Bob Pansich stated the Board of Investments managed the Montana Capital Companies program of certifying and qualifying capital companies and the issuance of tax credits. Mr. Pansich said at the present time, there are eight Montana capital companies certified and three on the waiting list. He stated a fourth company will be presented to the board for approval at their next meeting. He said tax credits in the amount of \$3,289,950.00 have been issued so far and there is a time limit on the credits. Mr. Pansich stated there is interest in investing in Montana and a diversity of programs. He said there is a requirement that 30% of the tax credit be invested within three years, 50% in four years and 70% in five years and since the Capital Companies inception, every capital company has met their deadlines in this respect. Mr. Pansich said the company needs time to work and urged passage of the bill. Mr. Pansich submitted a Montana Capital Company Report. (Exhibit 2).

Buck Bowles stated the act has helped to form capital companies to assist economic development in the state. He urged support of the bill.

Testifying Opponents and Who They Represent:

None.

Opponent Testimony:

None.

Questions From Committee Members: Chairman Harrington asked Dr. Nortveldt if he was an opponent or a proponent of the bill. Dr. Nortveldt replied the Administration does not think the program is doing what was intended but with the amendments he proposed, they would support the bill. He stated they propose the \$1.5 million in credits instead of the \$3 million as a compromise in order to allow the Administration to review the policy. Chairman Harrington asked if he felt his amendments will help the program or lead to its

destruction. Dr. Nortveldt replied they did not see the state receiving adequate return on the 50% credits given investors. He said the Administration's position is limiting the tax credits but not eliminating the program entirely.

Rep. Raney asked Mr. Pansich what have the investments accomplished to date. Mr. Pansich replied the investments have been slow. He said one capital company has existed for the three year period and they have invested the 50%. He stated some companies are trying to bring technology into the state and others are trying to do other things in their particular locale. Rep. Raney then asked if Mr. Pansich knew of any company that was in existence because of capital company investments. Mr. Pansich replied they are in existence. Rep. Raney stated the purpose of the act was to create new business, not to simply create capital companies so what have they done to justify a \$3,000,000.00 investment. Mr. Pansich replied if the capital companies do not invest within the time frame, they are fined the equivalent of the tax credits plus 1% per month from the beginning date. He said he did not have the exact detail of the companies in which they had invested. Rep. Raney then asked if he could supply this information to the committee before they took action on the bill. Mr. Pansich stated he would do this.

Rep. Hoffman asked Mr. Pansich if it was required that the capital companies invest in Montana. Mr. Pansich replied 75% of the money is to be invested in the state and 25% outside. He stated many times the partners in venture capital companies are outside the state of Montana. Rep. Hoffman then asked if there was any history of what other states have done in this respect. Mr. Pansich replied a number of states are trying to pass this in their legislatures.

Rep. Good asked Dr. Nortveldt if he felt that jobs would be an adequate return for the state's investment. Dr. Nortveldt replied yes, if they are in the kind of risk ventures that would not have developed otherwise but not just general investment of any type. He said he felt he had the responsibility to analyze how these investments are used. Dr. Nortveldt stated the law does not identify the kind of investments to be made and a large share of the money can just be held or put into treasury bonds. He said the capital companies can invest in a safe business and make a large profit. Rep. Good asked if Dr. Nortveldt knew how many jobs had actually been created from this investment. Dr. Nortveldt replied he had a list showing the businesses that have received either equity or loan investments from capital corporations and the number of people employed by those businesses. Rep. Good asked how many jobs would it take to satisfy you. Dr. Nortveldt replied the money now being spent would be better spent by reducing the tax rate

of these high risk ventures. He said the risk should be taken by the private sector and if they are successful, then they could receive a tax credit.

Rep. Ellison asked Mr. Pansich if he was keeping a record of the investment companies. Mr. Pansich replied he did have the dollar amount invested in the specific companies but not the number of jobs created but he would furnish this information to the committee. Rep. Ellison stated unless the companies are tracked, how would there be any record of the return on this. Mr. Pansich replied there is a reporting system and in addition, the Commissioner of Financial Institutions must audit the companies to determine if they are living up to the intent of the law plus bank examiners also audit the companies at their own expense. Rep. Ellison asked how often this is done and if it would be available to the committee. Mr. Pansich stated the audits do not begin until the company has been in existence three years and he was not sure of the audit schedule.

Rep. Elliott asked Dr. Nortveldt if these companies are actually investing their money in treasury bills or was he suggesting only that they could do this. Dr. Nortveldt replied since their schedule for investing is 30% in three years, 50% in four and 70% in five years, they could use the money for other purposes during this time period.

Rep. Patterson asked Sen. Crippen if he objected to the Administration's proposed amendments. Sen. Crippen replied he certainly did and it would be better to kill the bill entirely. Rep. Patterson then asked Dr. Nortveldt if the amendments are not passed, would the Administration make governor's amendments. Dr. Nortveldt replied this would be his understanding but he had not discussed this with the governor as yet. Rep. Patterson then asked if the governor would veto the bill without the amendments. Dr. Nortveldt replied there would be an amendment veto and if this lost then they would consider a veto of the entire bill. Rep. Hoffman asked Dr. Nortveldt from what fund the money for these investments was obtained. Dr. Nortveldt replied it shows up as a \$3,000,000.00 reduction in personal income tax since the investors take a credit on this.

Closing by Sponsor: Sen. Crippen stated the amendments essentially eliminate the language proposed in the bill but also reduce the credit that is currently in the law to \$1.5 million. He said the issue of capital was missed by Dr. Nortveldt. Sen. Crippen stated he agreed there are many ways to improve the economy, but Montana is a capital poor state and there is no large influx of people waiting eagerly to come to Montana and invest. He said the state needs to provide ways to create capital. Sen. Crippen stated this deals with speculative businesses and the investors are expecting a return on their investment. He said this is a bipartisan bill and he urged the support of the committee.

Dr. Ken Nortveldt wished to comment that he vigorously fought this bill in the House in 1983 and lost.

DISPOSITION OF SENATE BILL 283

Motion: None.

Discussion: None.

Amendments, Discussion, and Votes: None.

Recommendation and Vote: None. Action will be taken at a later date.

HEARING ON HOUSE BILL 771

Presentation and Opening Statement by Sponsor:

Rep. Fritz Daily, District 69, stated HB 771 basically did three things: 1) deals with school equalization, 2) provides an additional source of revenue to the foundation program, and 3) provides an alternative source of revenue to the sales tax proposal. He said the state has not adequately funded education and the constitution provides that every child should have equal opportunity and a quality education. Rep. Daily stated revenue must be raised for this purpose. He said if the current proposals are implemented, approximately 75 school districts will receive less money than they receive currently and they will be devastated. Rep. Daily stated these districts have tried to cut costs and have not been able to do so. He submitted a document to the committee from the Department of Revenue showing the estimated increases in revenue from selected income tax adjustments. (Exhibit 3). Rep. Daily stated his bill provides a 10% individual income tax surcharge, a 10% corporate tax, a limit on federal income tax credits, and the state will levy a 100 mill levy for education. He said there are no exemptions to the 100 mill levy. He stated it will also equalize the statewide teacher's retirement based on a cost basis instead of per student cost and there are no caps in the bill.

Testifying Proponents and Who They Represent:

Terry Minnow, Montana Federation of Teachers
Eric Feaver, Montana Education Association
Ed Sheehy, Helena, Concerned Citizen
Don Reed, Montana Alliance for Progressive Policy

Proponent Testimony:

Terry Minnow stated her organization supports the concept of the bill and agrees that equalization is a major issue. She urged support of the bill.

DAILY ROLL CALL

TAXATION

COMMITTEE

51st LEGISLATIVE SESSION -- 1989

Date March 15, 1989

NAME	PRESENT	ABSENT	EXCUSED
Harrington, Dan, Chairman	✓		
Ream, Bob, Vice Chairman	✓		
Cohen, Ben	✓		
Driscoll, Jerry	✓		
Elliott, Jim	✓		
Koehnke, Francis	✓		
O'Keefe, Mark	✓		
Raney, Bob	✓		
Schye, Ted	✓		
Stang, Barry	✓		
Ellison, Orval	✓		
Giacometto, Leo	✓		
Gilbert, Bob	✓		
Good, Susan	✓		
Hanson, Marian	✓		
Hoffman, Robert	✓		
Patterson, John	✓		
Rehberg, Dennis	✓		

EXHIBIT 1 Ken Nordqvist, DOB
DATE 3/15/89 3/15/89
SB 283 SB 283
Sen. Bruce Chapman

Administration's proposed amendments to SB 283

1. In the title: strike "Continue", insert "Change"
 strike "Until", insert "Through"
 strike "1993", insert "1991"
2. Page 2, Line 11 strike "\$3", insert "\$1.5"
3. Page 2, Lines 14 to 18 strike all the new language

Montana Capital Company Report
As of 02/21/1989

EXHIBIT
DATE 3/15/89
BB 283
Sen. B. Crippen

Name	Date Applicatn Complete	Date Certified	Date Qualified	Total Tax Credit Reserved	Capital Eligible for 25% Tax Cr	Capital Eligible for 50% Tax Cr	Total \$ Raised with Tax Credits	Tax Credits Authorized	Balance of Tax Credits Available	Reserved Tax Credit Expires	Dollars Invested in Montana	% TC Invest in MT
CVM Montana Venture Fund I 011	05/18/1988	05/26/1988		\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0		\$ 0	0
ECM Alpha Limited Partners 013	06/06/1988	06/24/1988		\$ 500,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 500,000	06/24/1989	\$ 0	-0
Development Corporation of 001	01/12/1984	02/02/1984	03/30/1984	\$ 184,075	\$ 736,300	\$ 0	\$ 736,300	\$ 184,075	\$ 0		\$ 421,194	57
Great Falls Capital Corpor 008	12/18/1985	01/31/1986	10/31/1986	\$ 818,000	\$ 510,000	\$ 1,381,000	\$ 1,891,000	\$ 818,000	\$ 0		\$ 0	0
First Montana Capital Corp 006	06/23/1987	11/30/1984	08/28/1987	\$ 150,000	\$ 0	\$ 200,000	\$ 200,000	\$ 100,000	\$ 50,000	12/04/1989	\$ 64,000	32
Treasure State Capital Lim 012	05/25/1988	05/26/1988	08/25/1988	\$ 500,000	\$ 0	\$ 405,051	\$ 405,051	\$ 202,525	\$ 297,475	06/30/1989	\$ 109,000	26
Southwest Montana Developm 010	11/25/1987	12/18/1987	12/16/1988	\$ 505,425	\$ 0	\$ 283,040	\$ 283,040	\$ 115,758	\$ 389,667	06/24/1989	\$ 0	0
The Glacier Springs Compan 014	06/17/1988	07/28/1988	01/27/1989	\$ 650,000	\$ 0	\$ 581,184	\$ 581,184	\$ 290,592	\$ 359,408	12/04/1989	\$ 0	0
KBK Venture Capital Compan 015	07/05/1988	07/28/1988	01/27/1989	\$ 105,000	\$ 0	\$ 210,000	\$ 210,000	\$ 70,000	\$ 35,000	12/04/1989	\$ 0	0
Montana Progress Capital I 016	12/04/1988	12/16/1988	01/27/1989	\$ 1,500,000	\$ 0	\$ 3,000,000	\$ 3,000,000	\$ 1,500,000	\$ 0		\$ 0	0
				\$ 4,912,500	\$ 1,246,300	\$ 6,060,275	\$ 7,306,575	\$ 3,280,950	\$ 1,631,550		\$ 594,194	

Total Tax Credits Authorized
Total Tax Credits Reserved

\$ 4,912,500
(4,912,500)

Total Credits Available for Allocation to MCC's

\$ 0

MONTANA CAPITAL COMPANIES

EXHIBIT 2
DATE 3/15/89
HB 283
Sen. B. Cruppen

Certified and Qualified

Steve Brown
Development Corp. of Montana
P.O. Box 916
Helena, Montana 59624
406/442-3850

Mike Parker
Great Falls Capital Corp.
8 Third Street North
Great Falls, Montana 59401
406/761-7978

Robert G. Mullendore
First Montana Capital Corp.
310 West Spruce
Missoula, Montana 59802
406/721-8300

Conrad Stroebe
Treasure State Capital Ltd. Part.
P.O. Box 194
Billings, Montana 59103
406/248-5678

Evan Barrett
Southwest MT Development Corp.
305 West Mercury
Butte, Montana 59701
406/723-4349

James H. Koessler
KBK Venture Capital Co. of MT
2722 Third Avenue North
Billings, Montana 59101
406/252-4101

Pat Rice
The Glacier Springs Company
1501 Third Street N.W.
Great Falls, Montana 59404
406/727-7500

Thomas P. Kenneally
Montana Progress Capital Ltd.
600 South Main Street
Butte, Montana 59701
406/782-9121

Certified

R.D. "Pete" Bloomer
CVM Montana Venture Fund I, Ltd.
2995 Wilderness Place
Boulder, Colorado 80301
303/440-4055

Bruce Ennis
ECM Alpha Limited Partnership
2720 Third Avenue North
Billings, Montana 59101
406/259-4650

Thomas P. Kenneally
Big Sky Opportunities Ltd. Part.
600 South Main Street
Butte, Montana 59701
406/782-9121

Montana Capital Company
Report of Investments Made
As of 03/15/1989

EXHIBIT 2
DATE 3/15/89
BB 283

Sen. B. Crispin

Company: 001 Development Corporation of Montana

Investment Information:

09/30/1985 WSM, Inc.
1123 Third Ave North Billings, MT 59107

Major Shareholders:

Edward A. Shelby	11.37%
Sam E. McDonald, Jr.	9.17%
Development Corporation of Montana	8.49%
Rocky Mountain Capital	8.49%
Richard Cox	6.79%

Jobs	Small Business	Amount Invested
12	N	\$ 75,000

12/31/1985 American Telephone Advertising Corporation
P.O. Box 2307 Great Falls, MT 59403

Major Shareholders:

Gary Walrack	45.90%
Richard Walrack	33.70%
Clyde Neu	11.20%
Development Corporation of Montana	3.60%
Michael Parker	1.80%

Jobs	Small Business	Amount Invested
14	Y	\$ 60,000

EXHIBIT

2

DATE

3/15/89

06/30/1986 American Telephone Advertising Corporation
P.O. Box 2307 Great Falls, MT 59403

SB 283*Dr. B. Cruppen*

Major Shareholders:

Gary Walrack	15.50%
Richard Walrack	33.70%
Clyde Neu	14.00%
Development Corporation of Montana	14.30%
Michael Parker	4.90%

Jobs	Small Business	Amount Invested
14	Y	\$ 34,194

03/31/1987 USA McDonald/Millwood Systems
P.O. Box 4227 Missoula, MT 59806

Major Shareholders:

James M McDonald (as trustee)	85.00%
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Jobs	Small Business	Amount Invested
51	Y	\$ 52,000

06/30/1987 Mountain Meadows Products, Inc.
P.O. Box 867 Lewistown, MT 59457

Major Shareholders:

Gary & Linda Turco	77.80%
Gene Lyman	15.90%
Gilbert U. Burdett	6.30%

Jobs	Small Business	Amount Invested
2	Y	\$ 100,000

12/31/1987 Computer Systems Maintenance, Inc.
900 Technology Boulevard West Bozeman, MT 59715

Major Shareholders:

Gene Pipinich	67.00%
Paul Gauthier	20.00%
Martin Bourque	13.00%

Jobs	Small Business	Amount Invested
9	Y	\$ 100,000

TOTAL JOBS	SMALL BUSINESSES	TOTAL INVESTED
102	5/6	\$ 421,194
====	=====	=====

Montana Capital Company
Report of Investments Made
As of 03/15/1989

EXHIBIT 2
DATE 3/15/89
BB 283
Sen. B. Criggen

Company: 006 First Montana Capital Corporation

Investment Information:

09/30/1987 Equipoise Corporation
211 North Higgins Avenue Missoula, MT 59802

Major Shareholders:
Randolph V. Peterson, Inc 50.00%
Robert G. Mullendore 50.00%

Jobs	Small Business	Amount Invested
0	Y	\$ 30,000

09/30/1987 Synpro Corporation
310 W. Spruce Missoula, MT 59802

Major Shareholders:
Robert G. Mullendore 100.00%

Jobs	Small Business	Amount Invested
0	Y	\$ 8,100

12/31/1987 Synpro Corporation
310 West Spruce Street Missoula, MT 59802

Major Shareholders:
Robert G. Mullendore 100.00%

Jobs	Small Business	Amount Invested
0	Y	\$ 9,900

EXHIBIT 2
DATE 3/15/89
SB 283
Sen. B. Cruppen

06/30/1988 Synpro Corporation
310 W. Spruce Missoula, MT 59802

Major Shareholders:
Robert G. Mullendore

100.00%

Jobs	Small Business	Amount Invested
0	Y	\$ 7,000

07/01/1988 Synpro Corporation
310 West Spruce Street Missoula, MT 59802

Major Shareholders:
Robert G. Mullendore

100.00%

Jobs	Small Business	Amount Invested
	Y	\$ 5,000

12/31/1988 Synpro Corporation
310 W. Spruce St. Missoula, MT 59802

Major Shareholders:
Robert G. Mullendore

100.00%

Jobs	Small Business	Amount Invested
	Y	\$ 4,000

TOTAL JOBS	SMALL BUSINESSES	TOTAL INVESTED
====	6/6	\$ 64,000
	=====	=====

DATE 3/15/89RB 283

Montana Capital Company
Report of Investments Made
As of 03/15/1989

for B. Cruppen

Company: 012 Treasure State Capital Limited Partnership

Investment Information:

12/31/1988 Idea/Wirth USA, Inc.
1600 Poly Drive Billings, MT 59102

Major Shareholders:

Theodore J. Wirth	49.50%
Mr. Zaidon	33.30%
Mr. Aquil	17.20%

Jobs	Small Business	Amount Invested
15	Y	\$ 45,000

12/31/1988 Dismas International, Inc.
801 14th St. West Billings, MT 59102

Major Shareholders:

John Keen	30.00%
Randy Dixon	30.00%
John Zuck	30.00%
Brian Boye	10.00%

Jobs	Small Business	Amount Invested
4	Y	\$ 40,000

12/31/1988 Tac-U-Comp Services
512 North 29th St. Billings, MT 59101

Major Shareholders:

Ronald L. Musgrave	51.00%
Treasure State Capital Limited Partnership	49.00%

Jobs	Small Business	Amount Invested
3	Y	\$ 24,000

TOTAL JOBS	SMALL BUSINESSES	TOTAL INVESTED
22	3/3	\$ 109,000
=====	=====	=====

VISITORS' REGISTER

HOUSE TAXATIONCOMMITTEE

BILL NO.

SB 283

DATE

March 15, 1989

SPONSOR

Sen. Bruce Crippen

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
CAL CUMIN	YELLOWSTONE CO	X	
F.H. BUCK BOLES	MONTANA CHAMBER	X	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

of the bill.

Testifying Opponents and Who They Represent:

None.

Opponent Testimony:

None.

Questions From Committee Members: Rep. Stang asked Sen. Mazurek about property owners that receive a rebate for taxes paid in other states. He asked if this bill will eliminate this rebate provision. Sen. Mazurek replied it would not.

Rep. Koehnke asked if this would not apply to any case. Sen. Mazurek referred this to Ken Morrison of the Department of Revenue who stated many states do not tax migratory personal property so there would be no tax paid in other states.

Rep. Patterson asked Sen. Mazurek how this would apply to oil well rigs. Sen. Mazurek responded they would pay the tax from the time they arrive to the end of the year.

Closing by Sponsor: Sen. Mazurek thanked the committee.

DISPOSITION OF SENATE BILL 461

Motion: DO PASS by Rep. Patterson.

Discussion: Rep. Ellison stated there was a very real need for the bill. Rep. Gilbert said he would support the bill only if he knew that Rep. Stang's bill is not invalid. Rep. Stang stated the bill is still in effect and addresses some of the problems mentioned by Rep. Patterson in regard to the oil rigs and logging equipment. He said his bill only applied to property assessed on January 1.

Amendments, Discussion, and Votes: None.

Recommendation and Vote: Motion CARRIED by a unanimous voice vote.

EXECUTIVE SESSION

DISPOSITION OF SENATE BILL 283 HEARD ON MARCH 15:

MOTION: DO PASS by Rep. Giacometto and moved his amendments.

DISCUSSION: Rep. Giacometto stated his amendments change the date in the bill to December 31, 1991 instead of 1993 and includes the coal severance tax credits.

Rep. O'Keefe asked if this was to reinstate the authority to use

the tax credit against the coal severance tax. Rep. Giacometto concurred but stated the time period was shortened for this. Rep. Driscoll asked about page 2, line 11, regarding "may not exceed \$3,000,000.00", as to whether this was effected. Rep. Giacometto stated it was not. Rep. Raney asked if this wasn't just a six month extension. Rep. Giacometto stated it was but it also included the coal severance tax credit.

The motion to DO PASS on the amendment CARRIED by an 11 to 6 voice vote.

Rep. O'Keefe moved an amendment on page 2, line 11, to strike \$3,000,000.00, insert \$1,500,000.00.

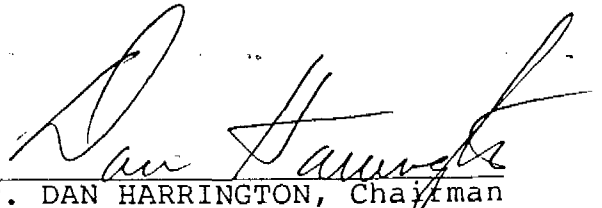
Rep. Giacometto stated if this is decreased to \$1,500,000.00, no credits are available for use. Chairman Harrington stated he opposed the amendment. Rep. Raney said the 1.5 million would actually be a loss to the general fund. Rep. Giacometto stated this was a follow-up on the Build Montana Program.

The motion DO PASS on the amendment CARRIED by a 10 to 8 roll call vote.

The motion to DO PASS AS AMENDED on the bill CARRIED by a 13 to 5 roll call vote.

ADJOURNMENT

Adjournment At: 10:55 a.m.



REP. DAN HARRINGTON, Chairman

DH/lj

7115.min

DAILY ROLL CALL

TAXATION

COMMITTEE

51st LEGISLATIVE SESSION -- 1989

Date March 30, 1989

NAME	PRESENT	ABSENT	EXCUSED
Harrington, Dan, Chairman	✓		
Ream, Bob, Vice Chairman	✓		
Cohen, Ben	✓		
Driscoll, Jerry	✓		
Elliott, Jim	✓		
Koehnke, Francis	✓		
O'Keefe, Mark	✓		
Raney, Bob	✓		
Schye, Ted	✓		
Stang, Barry	✓		
Ellison, Orval	✓		
Giacometto, Leo	✓		
Gilbert, Bob	✓		
Good, Susan	✓		
Hanson, Marian	✓		
Hoffman, Robert	✓		
Patterson, John	✓		
Rehberg, Dennis	✓		

STANDING COMMITTEE REPORT

March 30, 1989

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that Senate Bill 283 (third reading copy -- blue) be concurred in as amended.

Signed: _____
Dan Harrington, Chairman

[REP. GIACOMETTO WILL CARRY THIS BILL ON THE HOUSE FLOOR]

And, that such amendments read:

1. Title, line 6.

Strike: "UNTIL JUNE 30, 1993"

Insert: "THROUGH DECEMBER 31, 1991; TO AUTHORIZE COAL SEVERANCE
TAX CREDIT FOR A QUALIFIED CAPITAL COMPANY THROUGH DECEMBER
31, 1991"

2. Page 2, line 11.

Strike: "June 30"

Insert: "December 31"

Strike: "\$3"

Insert: "\$1.5"

3. Page 2, lines 14 through 18.

Following: "companies." on line 14

Strike: remainder of line 14 through line 18 in their entirety

4. Page 3, line 14.

Strike: "or"

Insert: ", "

Following: "31"

Insert: ", or 35"

5. Page 3, line 19.

Following: "liability"

Insert: "or coal severance tax liability"

6. Page 4, line 4.

Strike: "5"

Insert: "3 1/2"

ROLL CALL VOTE

TAXATION

COMMITTEE

DATE March 30, 1989 BILL NO. SB 283 NUMBER 1

NAME	AYE	NAY
Cohen, Ben	✓	
Driscoll, Jerry		✓
Elliott, Jim	✓	✓
Ellison, Orval	✓	
Giacometto, Leo		✓
Gilbert, Bob	✓	
Good, Susan	✓	
Hanson, Marian		✓
Hoffman, Robert	✓	
Koehnke, Francis	✓	
O'Keefe, Mark	✓	
Patterson, John	✓	
Raney, Bob	✓	
Ream, Bob		✓
Rehberg, Dennis	✓	✓
Schye, Ted	✓	
Stang, Barry "Spook"		✓
Harrington, Dan, Chairman		✓

TALLY

[Signature]
Secretary

10 - 8
[Signature]
Chairman

MOTION: DO PASS on amendment by Rep. O'Keefe. CARRIED.

ROLL CALL VOTE

TAXATION

COMMITTEE

DATE March 30, 1989 BILL NO. SB 283

NUMBER 2

NAME	AYE	NAY
Cohen, Ben	✓	✓
Driscoll, Jerry	✓	
Elliott, Jim	✓	
Ellison, Orval		✓
Giacometto, Leo	✓	
Gilbert, Bob	✓	
Good, Susan	✓	
Hanson, Marian	✓	
Hoffman, Robert	✓	
Koehnke, Francis		✓
O'Keefe, Mark		✓
Patterson, John	✓	✓
Raney, Bob		✓
Ream, Bob	✓	
Rehberg, Dennis	✓	
Schye, Ted	✓	
Stang, Barry "Spook"	✓	
Harrington, Dan, Chairman	✓	

TALLY

LaHara John
Secretary

13 5
Dan Harrington
Chairman

MOTION: DO PASS AS AMENDED. CARRIED.